REPORT AT 31 DECEMBER 2012

Madrid, 28 February 2013

2012 HIGHLIGHTS

Group

- Zeltia Group continues to report profits.
- Group EBITDA amounted to 20.4 million euro and income attributable to the parent company totalled 6.6 million euro.
- The Group's operating cash flow improved notably, including 5.9 million euro in milestone payments from Janssen Pharmaceutical and the amounts collected under the Spanish central government's Supplier Payment Plan.
- International sales accounted for more than 50% of the total.
- Group debt as a whole declined.
- The Group focused especially on containing costs and improving productivity.

Oncology

- A Phase II trial with PM01183 (Lurbinectedin) commenced on patients with breast cancer.
- The US Food and Drug Administration (FDA) awarded orphan drug designation to PM01183.
- The European Medicines Agency (EMA) issued a positive opinion on orphan drug status for PM01183.
- The preliminary results of the Phase II trial with PM01183 in resistant ovarian cancer were presented to the European Society for Medical Oncology (ESMO)

Diagnostics

- A kit was launched for detecting and identifying spot mutations in three of the genes associated with colorectal cancer, using CLART® low-density arrays technology.
- Exports continue to expand, primarily to South America.

RNA interference

- A Phase I/II trial commenced with SYL1001 to treat eye discomfort associated with dry eye syndrome.
- A Phase II trial commenced with SYL040012 to treat glaucoma

Central Nervous System

- On 18 December 2012, the Shareholders Meeting of Noscira resolved to dissolve and liquidate the company.

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FIGURES TO DECEMBER 2012

Period		12/31/2012	12/31/2011	Δ%
Net Revenue (€ 000)				
	Consumer Chemicals	64,786	71,167	-8.97%
	Biopharmaceuticals	72,391	80,636	-10.22%
	Unallocated	1,052	683	54.03%
	Total Group	**138,229**	**152,486**	**-9.35%**
	Cost of goods sold (€ 000)	39,793	42,955	-7.36%
	Gross Income	98,436	109,531	-10.13%
	Gross Margin	**71.21%**	**71.83%**	**-0.86%**
Other operating revenues				
	Consumer Chemicals	8	18	-55.56%
	Biopharmaceuticals	23,536	24,675	-4.62%
	Unallocated	5	19	-73.68%
		23,549	**24,712**	**-4.71%**
TOTAL REVENUE		**161,778**	**177,198**	
EBITDA (€ 000)				
	Consumer Chemicals	4,956	8,578	-42.22%
	Biopharmaceuticals	22,777	29,364	-22.43%
	Unallocated	-7,302	-8,381	-12.87%
	Total Group	**20,431**	**29,561**	**-30.89%**
R&D Expenditure				
	Oncology	34,806	34,816	-0.03%
	Other	5,593	5,447	2.68%
	Total Group	**40,399**	**40,263**	**0.34%**
Marketing & Commercial Expenses				
	Consumer Chemicals	19,203	20,310	-5.45%
	Biopharmaceuticals	21,641	23,079	-6.23%
	Other	21	34	-38.24%
	Total Group	**40,865**	**43,423**	**-12.54%**
Profit for the year from discontinued operations		**-10,749**	**-16,829**	**-36.13%**

(Thousand euro)

Due to the discontinuation of the Group's activities relating to the Central Nervous System (mainly Alzheimer's disease), earnings for this area are reflected in a single line item, "Income from discontinued operations", which also includes the area's earnings for 2011, with a view to facilitating comparison.

Net revenue

Group net revenues totalled 138.2 million euro in 2012, 9.3% less than in 2011 (152.5 million euro).

Revenues in the Biopharmaceutical business amounted to 72.4 million euro (80.6 million euro in 2011): 66.2 million euro at PharmaMar from Yondelis sales (74.2 million euro in 2011) and 6.2 million euro at Genómica (6.5 million euro in 2011). Sales in this sector accounted for 52% of Group net revenues.

Net sales by the Consumer Chemicals subsidiaries totalled 64.8 million euro (71.2 million euro in 2011). Those companies accounted for 47% of the Group's total revenues in 2012.

Other operating revenues

This section reflects revenues from royalties, subsidies, and licensing agreements, including milestone and similar payments.

Other operating revenues totalled 23.5 million euro in 2012 (24.7 million euro in 2011). In 2012, PharmaMar collected the second payment of 25 million dollars (19 million euro) under the new action plan signed in 2011 with Janssen Products LP. (Johnson & Johnson Pharmaceutical Research & Development, LLC.) to intensify the development of Yondelis® in the US for soft tissue sarcoma and relapsed ovarian cancer.

EBITDA

Group EBITDA, referring only to continuous operations, amounted to 20.4 million euro in 2012 (29.6 million euro in 2011), i.e. a decline attributable to the 9.3% reduction in net sales in the year. In the Biopharmaceutical segment, the decline is due mainly to the lack of supply of the drug Caelyx (used in combination with Yondelis to treat ovarian cancer), with the result that almost no sales were made in this indication. Moreover, the severe crisis in consumer spending in Spain had an especially harsh impact on sales in the Consumer Chemicals segment. The supply of Caelyx has been gradually re-established in 2013.

(EBITDA: earnings before interest, taxes, depreciation and amortisation)

R&D expenditure

R&D expenditure increased by 0.3% year-on-year. A total of 34.8 million euro was spent on research and development in the Oncology area (34.8 million euro in 2011), 5.6 million euro in Diagnostics and RNAi (5.4 million euro in 2011).

A total of 7.9 million euro were spent on R&D in the Central Nervous System area (16.4 million euro in 2011), included under "Income from discontinued operations" in the preceding table.

Marketing and commercial expenses

Marketing and commercial expenses amounted to 40.9 million euro in 2012 (43.4 million euro in 2011), a 5.9% decline.

The Biotechnology segment spent 21.6 million euro in 2012 (23.1 million euro in 2011), due in part to the postponement of sales initiatives to position Yondelis in ovarian cancer.

The Consumer Chemicals division registered 19.2 million euro of expenses under this heading in 2012, a decline of 5.5% year-on-year (20.3 million euro in 2011).

Income from discontinued operations

The Group's most important and advanced clinical development project for Alzheimer's disease, the ARGO Phase II trial, concluded in 2012 without attaining its primary or secondary endpoints. As a result, Noscira, the company responsible for the project, derecognised its capitalised R&D expenditure. Consequently, the company is in a position in which it is required by law to be dissolved (article 363.1.d of the Capital Companies Act), since net equity has been reduced to less than half of capital stock. On 18 December, the shareholders voted to dissolve and liquidate Noscira.

Due to the discontinuation of the Group's activities relating to the Central Nervous System (mainly Alzheimer's disease), earnings for this area are reflected in a single line item, "Income from discontinued operations", which also includes the area's earnings for 2011. That line item amounted to 10.7 million euro in 2012 and 16.8 million euro in 2011.

Treasury

At the end of December 2012, cash and cash equivalents plus current financial assets amounted to 34.4 million euro, short-term interest-bearing debt to 54.7 million euro, and long-term debt to 62.0 million euro, which includes 24 million euro in interest-free research and development loans from official bodies which are repayable over 10 years with a three-year grace period.

The Group has liquidity to cover its research and development projects and fulfil its future commitments for the following reasons:

- A sound equity position of the Group as at 31 December 2012
- Positive operating income in the Group's two main business segments
- Positive operating cash flow in 2012, amounting to 5.868 million euro, which includes 10 million euro in losses from discontinued operations, which will not consume cash flow in 2013
- Prospects and capacity for growth in the Biopharmaceutical segment (since the Caelyx supply has been restored, which should drive growth in Yondelis sales) and stability in the Consumer Chemicals segment
- The Group's ability to renegotiate its debt if it is considered necessary
- The availability of credit lines
- The existence of a large volume of past-due accounted receivable from European public administrations which can be discounted

	12/31/2012	12/31/2011
Cash & cash equivalents + current financial investments	**34,428**	**49,325**
Short term interest-bearing debt	**54,734**	**52,686**
Bank debt	41,976	47,306
Govt. agencies: R&D funding (interest free debt)	4,756	5,380
Others	8,002	0
Long term interest bearing debt	**62,016**	**83,060**
Bank debt	38,018	52,428
Govt. agencies: R&D funding (interest free debt)	23,998	22,632
Others	0	8,000

BUSINESS PERFORMANCE.

Below is an overview of the group companies' business performance in 2012.

B) Biopharmaceuticals

Oncology: PharmaMar

The current status of clinical trials with Yondelis® is as follows:

Soft-tissue sarcoma

Recruitment for the Phase III clinical trial in translocation-related sarcomas having been completed in the third quarter of 2012, the patients are being monitored with a view to analysing and drawing conclusions from the data. This trial was carried out at the behest of the European Medicines Agency (EMA).

The Phase IV observational trials under way to position Yondelis as a leading treatment for the two approved indications are advancing on schedule. The trials are being executed in cooperation with the Spanish Sarcoma Research Group (GEIS), the European Organisation for Research and Treatment of Cancer (EORTC), the US Sarcoma Alliance for Research Through Collaboration (SARC), the German Interdisciplinary Sarcoma Group (GISG), the Italian Sarcoma Group (ISG), and the French Sarcoma Group (GSF).

The observational trial in the Netherlands by agreement with the Dutch authorities in order to obtain the reimbursement price for Yondelis in soft tissue sarcoma is continuing on schedule.

Eighteen abstracts on Yondelis® were presented at the Annual Meeting of the Connective Tissue Oncology Society (CTOS), held in Prague from 14 to 17 November. Papers with new data on Yondelis (nine focusing on sarcoma) were presented at the annual meeting of the American Society of Clinical Oncology (ASCO).

Patient recruitment is ahead of schedule for the Phase III trial in L-sarcoma that is being executed entirely by Janssen (Johnson&Johnson) in the USA.

The two Phase II trials sponsored by our partner in Japan, Taiho Pharmaceutical, in patients with translocation-related sarcomas, are progressing as expected.

Ovarian cancer

In 2012, a Phase II trial commenced with Yondelis® on patients with advanced breast cancer with the BRCA1 and BRCA2 mutations and the BRCAness phenotype. Recruitment continues on schedule.

Recruitment for the Phase III trial with Yondelis in combination with pegylated liposomal doxorubicin (PLD), to be carried out by Janssen (Johnson&Johnson) is expected to commence in the US in the first half of 2013.

New data on Yondelis® for ovarian cancer was presented at the 37th Congress of the European Society for Medical Oncology (ESMO).

Aplidin®

Multiple myeloma

The IDMC (Independent Data Monitoring Committee) recommended continuing the ADMYRE Phase III trial. This recommendation follows a comprehensive analysis of 60 patients in the first stage of the trial, in which the study comfortably met its required efficacy and safety levels. Recruitment for Stage 2 is expected to commence in the first quarter of 2013.

Dedifferentiated liposarcomas

Recruitment continues for the clinical trial in four French hospitals in cooperation with the French Sarcoma Group.

Zalypsis®

Multiple Myeloma:

After defining the recommended dose, analysis continues on data from patients recruited in the second stage of the Phase II trial of Zalypsis® in multiple myeloma, in which eleven Spanish hospitals are participating.

The results of the first phase of dose optimisation in the Phase II trial in patients with multiple myeloma were presented at the Annual Meeting of the American Society of Hematology (ASH) in December 2012.

The results of the Phase II clinical trial of Zalypsis® in patients with urothelial tumours that have progressed after first-line treatment with platinum were presented at the ESMO 2012 Congress in Vienna.

PM01183

Resistant ovarian cancer

Recruitment for the second and final phase of this randomised Phase II trial in patients with platinum-refractory/resistant ovarian cancer continues on schedule.

ESMO's Scientific Committee selected the trial's preliminary results to be presented orally during a special session. The first phase of this trial evaluated the product's efficacy against platinum-refractory/resistant ovarian cancer; control of the disease was achieved in 73% of cases and the response rate was 27%.

Pancreatic cancer

Recruitment was completed for a Phase II trial as second-line treatment in patients with pancreatic cancer where gemcitabine-based therapies have failed. The data will be analysed when certain patients who are still undergoing treatment complete the process.

Advanced breast cancer

Recruitment in Spain and the US continues on schedule for the Phase II trial in patients with advanced breast cancer, selected depending on the presence of BRCA1 & 2 mutations (hereditary cancer), known or otherwise. The endpoint is to evaluate the compound's antitumour activity as second- to fourth-line treatment in patients with this illness. The first phase will include at least 50 patients and at most 117 patients.

Advanced leukaemias

After the maximum tolerated dose had been identified, the Ethics Committees approved an amendment to obtain a more appropriate administration pattern for patients in the Phase I clinical trial with our PM01183 compound as monotherapy to treat advanced leukaemia.

Other solid tumours

Recruitment concluded for the Phase I clinical trials with PM01183 in combination with gemcitabine and doxorubicin in solid tumours, the recommended dose having been defined for both combinations. In view of the excellent results obtained, new Phase II trials are being designed with those combinations in lung cancer.
Data was presented at ESMO on the trial in combination with gemcitabine, which evidenced the compound's promising activity, especially in non-small cell lung cancer, where the drug evidenced an acceptable safety profile below the maximum tolerated dose.

Recruitment was completed for the Phase I clinical trial in the US to evaluate an alternative infusion scheme on days 1 and 8 every three weeks in patients with solid non-colorectal tumours, after the recommended dose was defined.

PM060184

Recruitment continues on schedule for the two Phase I trials in the US, France and Spain. The recommended dose will be defined in the coming months with a view to commencing Phase II trials subsequently.

Diagnostics: Genómica

The Diagnostics area ended 2012 with revenues of 6.26 million euro (6.52 million euro in 2011).

The Clinical Diagnostics area accounted for 86% of revenues. Exports accounted for 32% of total revenues. Excluding the impact of the lower budget allocated by the Castilla y León Regional Government to the Programme for the Prevention and Early Detection of Cervical Cancer, revenues in Spain would have expanded by 5%.

In view of the growing importance of revenues from outside Spain, a subsidiary (Genómica AB) was created to provide direct services and expand in Scandinavia, where Genómica is already an established name. That subsidiary was incorporated in early January 2013.

The geographic diversification strategy has enabled the company to offset the effects of declining revenues in Europe by increasing revenues in areas experiencing growth, such as Latin America.

In 2012, sales of CLART® diagnostic kits in the Southern Cone accounted for 29% of international revenues (24% in 2011), with Mexico and Brazil as the main markets.

The Genetic-Forensic area's revenues amounted to 770 thousand euro in 2012 (790 thousand euro in 2011), in line with expectations.

As part of the strategic move to diversify, in 2012 Genómica entered the area of biomarker-based diagnostics with the launch of the CLART® CMA KRAS·BRAF·PI3K kit for detection and genetic identification of spot mutations in three genes associated with colorectal cancer—KRAS, BRAF and PI3K—using multiplex PCR and subsequent visualisation using CLART® technology.

This performance, coupled with strict control and management of expenditure, enabled the company to obtain 940 thousand euro in EBITDA in 2012 (vs. 770 thousand euro in 2011).

RNAi: Sylentis

The company advanced its R&D lines in 2012, working to develop new structures and formulations for compounds based on RNAi technology. Work has commenced on a new line in order to research new treatments for ocular allergies based on RNAi; the various candidates have been tested in an animal model of pollen-induced eye allergy, in which some candidates have been found to be effective.

In July, the company's most advanced compound, SYL040012, for treating glaucoma, commenced a Phase IIa clinical trial in patients with ocular hypertension and glaucoma at 11 centres in three European countries: Spain, Germany and Estonia. By the end of December, 67 patients had been enrolled out of the estimated 122 subjects for this trial. The trial seeks to assess tolerability on the eye surface and the effect on intra-ocular pressure after 14 consecutive doses. The results are expected in mid-2013.
A Phase I safety trial on healthy volunteers with the company's second product, SYL1001, for treating eye discomfort associated with dry eye syndrome, was completed at the Navarra University Clinic in March 2012. That trial, involving 30 healthy volunteers, revealed no adverse effects associated with the drug. Continuing with the development of SYL1001, we applied for authorisation from the Spanish Agency of Medicines and

Medical Devices (AEMPS) to conduct a pilot test in patients with eye discomfort associated with dry eye syndrome; that authorisation was granted in October.

Central Nervous System: Noscira

Nypta® (tideglusib) for Alzheimer's disease (AD)

The Group's largest and most important clinical development project in the area of Alzheimer's disease, the ARGO Phase II trial, concluded without attaining its primary or secondary endpoints.

B) Consumer chemicals:

Xylazel

The negative impact of the economic situation on the paint and varnish market in recent years persisted in 2012. Stagnation of the new construction market continues to have a severe effect on the professional paint and varnish segment.

In view of this market situation, Xylazel adopted a strategy of focusing on the refurbishment segment and, principally, the DIY market. This strategy, coupled with efforts to develop the export market, enabled sales in the Big Box DIY channel to practically match the 2011 figure, while exports increased by 76%.

During 2012, Xylazel's gross sales amounted to 16.92 million euro, i.e. 7.9% less than in the previous year.

In order to boost sales, in the last quarter of 2012 Xylazel launched a novel line of paints developed in-house that are suitable for people who suffer from allergies or asthma, under the Xylazel Aire Sano brand. This product line is endorsed by the Spanish Society of Allergology and Clinical Immunology.

Precisely because of this policy of research, development and innovation, 14.5% of total sales in 2012 were from products or presentations that did not exist three years ago.

Weighted average procurement prices of components increased by 2.5% during the year. Total expenses (fixed + variable) were cut by 2.4% with respect to 2011.

Earnings before taxes amounted to 1.3 million euro, i.e. 5.8% of net revenues.

Zelnova

Performance in 2012 was affected by the deep widespread financial crisis, which has had a serious impact on consumer spending throughout Europe, especially in Spain and Italy, the main markets of Zelnova and its subsidiary, Copyr. This situation is being aggravated by the growing number of customers that are experiencing solvency problems, making it necessary to suspend sales to them or, in the best case, minimise exposure within a necessarily conservative sales policy.

In this context, Zelnova-Copyr's combined net sales declined by 5.1 million euro (-9.4%) compared with 2011. This decline affected almost all of the business areas and a large number of customers in both insecticides and the areas which are more cyclical, such as the Home and Air Freshener lines.

In view of this difficult situation, it was necessary to engage in promotional activities to maintain market share in the segments where we have the strongest presence, even though this had a negative impact on margins.

The reduction was smaller in export sales, and this attenuated the sharp decline in the domestic market and vindicated the policy of internationalisation implemented by the company in recent years.

(Thousand euro)	2011	2012	Change	
Sales in Spain	31,490	26,990	-4,500	- 14.2%
Sales in other countries	22,853	22,246	- 607	- 2.7%
Total net sales	54,343	49,236	-5,107	- 9.4%

As for costs, the price of oil derivatives (butane and solvents) remained stable worldwide in 2012 overall, although they declined early in the year and increased towards the end. The medium/long-term trend continues to point to a steady increase in prices. Market prices for other raw materials rose slightly but this effect was partly offset by the active search for alternative suppliers worldwide that might offer lower prices.

During 2012, the company continued to apply cost cutting measures in all areas to partly offset the decline in margins. Nevertheless, the decline in revenues and margins had a significant impact on the company's earnings, with the result that Zelnova-Copyr combined EBITDA fell by 2.2 million euro in 2012, to 4.1 million euro (from 6.3 million euro in 2011).

BALANCE SHEET *(Thousand euro)*	12-31-2012	12-31-2011
ASSETS		
Non-current assets	**92,948**	**88,285**
Property, plant & equipment	29,794	33,862
Investment properties	6,014	6,014
Intangible assets	19,744	17,325
Goodwill	2,548	2,548
Long-term financial assets	2,785	2,162
Deferred tax assets	32,063	26,374
Assets classified as held for sale and discontinued operations	**451**	**0**
Current assets	**106,431**	**129,531**
Inventories	23,502	25,309
Customer and other receivables	41,956	50,441
Current financial assets	16,092	18,944
Receivable from public authorities	3,817	1,710
Other current assets	2,728	2,746
Cash & cash equivalents	18,336	30,381
TOTAL ASSETS	**199,830**	**217,816**

BALANCE SHEET *(Thousand euro)*	12-31-2012	12-31-2011
EQUITY		
Shareholders' equity	**42,330**	**39,553**
Share capital	11,110	11,110
Share premium	323,286	323,286
Treasury shares	(6,334)	(6,872)
Revaluation and other reserves	1	1
Retained earnings and other reserves	(285,733)	(287,972)
Minority interest	**(3,604)**	**(5,051)**
TOTAL EQUITY	**38,726**	**34,502**
LIABILITIES		
Non-current liabilities	**73,749**	**93,947**
Financial debt	62,016	83,060
Derivatives	199	176
Deferred tax liabilities	8,548	7,836
Non-current deferred revenues	2,472	2,423
Other non-current liabilities	514	452
Current liabilities	**87,355**	**89,367**
Supplier and other accounts payables	25,703	29,879
Financial debt	54,734	52,686
Provisions for other liabilities & expenses	5,007	4,628
Current deferred revenues	33	49
Other current liabilities	1,878	2,125
TOTAL LIABILITIES	**161,104**	**183,314**
TOTAL LIABILITIES AND EQUITY	**199,830**	**217,816**

INCOME STATEMENT		
Thousand euro	**12-31-2012**	**06-30-2011**
Net revenues	138,229	152,486
Cost of sales	(39,793)	(42,955)
Gross income	**98,436**	**109,531**
Other operating revenues	23,549	24,712
Marketing & commercial organisation expenses	(40,865)	(43,423)
General and administration expenses	(21,083)	(21,108)
Research & development expenses	(40,399)	(40,264)
Capitalised in-house work	3,403	2,936
Other operating expenses	(8,474)	(8,533)
Net operating profit (loss) (EBIT)	**14,567**	**23,851**
Net financial results	(5,141)	(5,883)
Result from continuing operations	**9,426**	**17,968**
Corporate income tax in the period	5,048	(2,511)
Profit (Loss) for the year	**14,474**	**15,457**
Discontinued operations	**(10,749)**	**(16,830)**
Attributable to owners of the parent	(7,881)	(10,716)
Attributable to minority interest	(2,868)	(6,114)
Profit for the year	**3,725**	**(1,373)**
Attributable to owners of the parent	6,593	4,741
Attributable to minority interest	(2,868)	(6,114)
Attributable to equity holders of the pa	**17,342**	**21,571**

Net operating profit (loss) (EBIT)	14,567	23,851
Amortisation and depreciation	5,863	5,709
EBITDA	**20,430**	**29,560**

CONSOLIDATED CASH FLOW STATEMENT	31-31-2012
NET CASH FLOW FROM ORDINARY ACTIVITIES	**6.319**
Profit/(loss) before tax	**(1.323)**
Profit before tax from continuing operations	*9.426*
Profit before tax from discontinued operations	*(10.749)*
Adjustements for:	**4.374**
Amortisation and depreciation	**6.213**
Other adjustements	**(1.839)**
Variation in working capital	**3.524**
Other net cash flow	**(256)**
Income tax received/(paid	(308)
Other adjustements	52
NET INVESTMENT CASH FLOW	**311**
Purchases of property, plant & equipment and intangible assets	(2.029)
Other financial assets	2.340
CASH FLOW IN FINANCING ACTIVITIES	**(18.675)**
Emission	1.368
Amortisation	(33)
Acquisition	(1.584)
Sales of treasury shares	570
Debt with credit entities (+)	16.715
Repayment from debt with credit entities (-)	(30.705)
Other net financing activities cash flow	(5.006)
NET DECREASE/INCREASE IN CASH AND CAHS EQUIVALENTS	**(12.045)**
STARTING BALANCE OF CASH AND CASH EQUIVALENTS	**30.381**
ENDING BALANCE OF CASH AND CAHS EQUIVALENTS	**18.336**

NET CASH POSITION	
CASH AND CASH EQUIVALENTS	18.336
CURRENT FINANCIAL ASSETS	16.092
FINANCIAL DEBT	(54.734)
TOTAL NET CASH POSITION	**(20.306)**